



shaping your dreams



Medium-term Management Plan

Beyond the Limit 2027

Stage2

FY2025～FY2027

Transition (Establishing a Solid Foundation for the Next Stage of Growth)

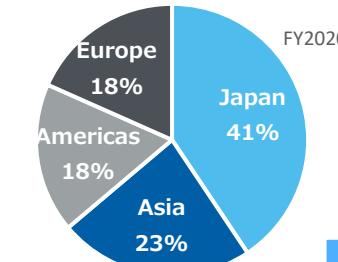
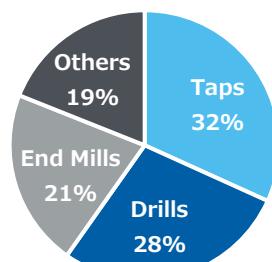
Global Company

Established a global network



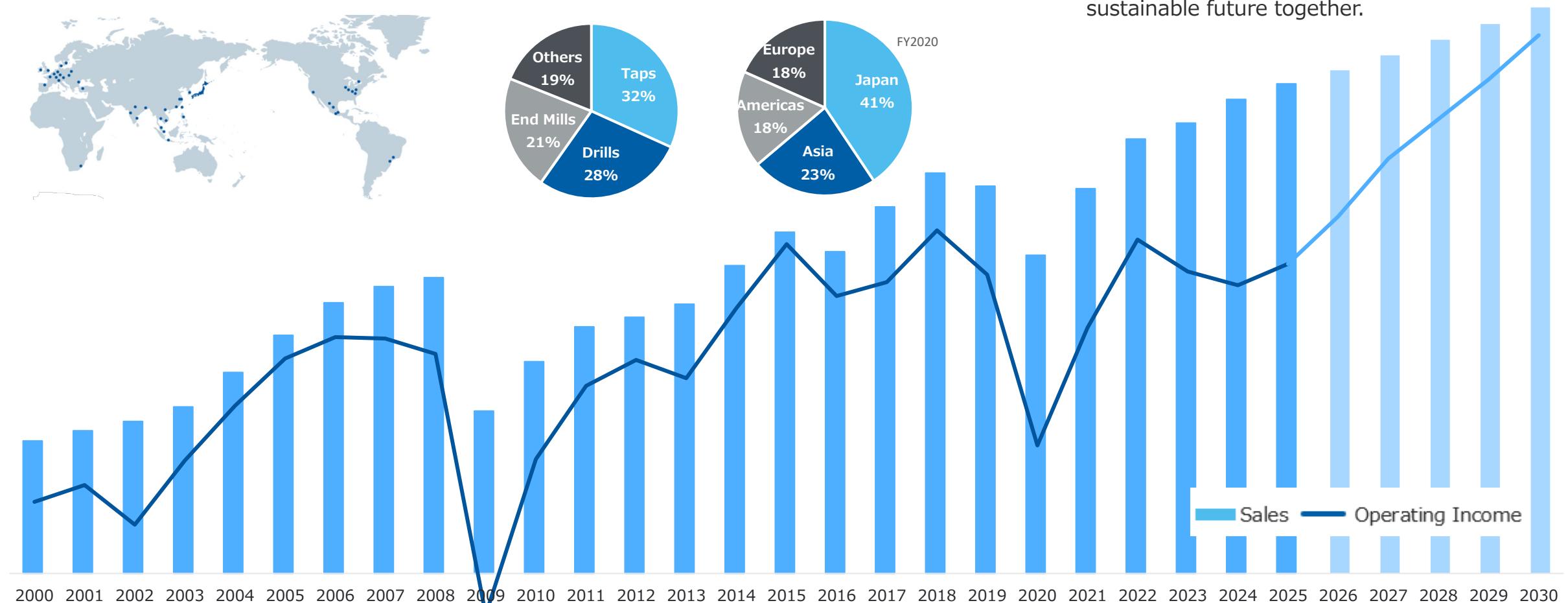
World's top manufacturer of hole-making cutting tools

Achieve a stable and balanced business portfolio in terms of both geography and products through M&A strategy



Essential Player

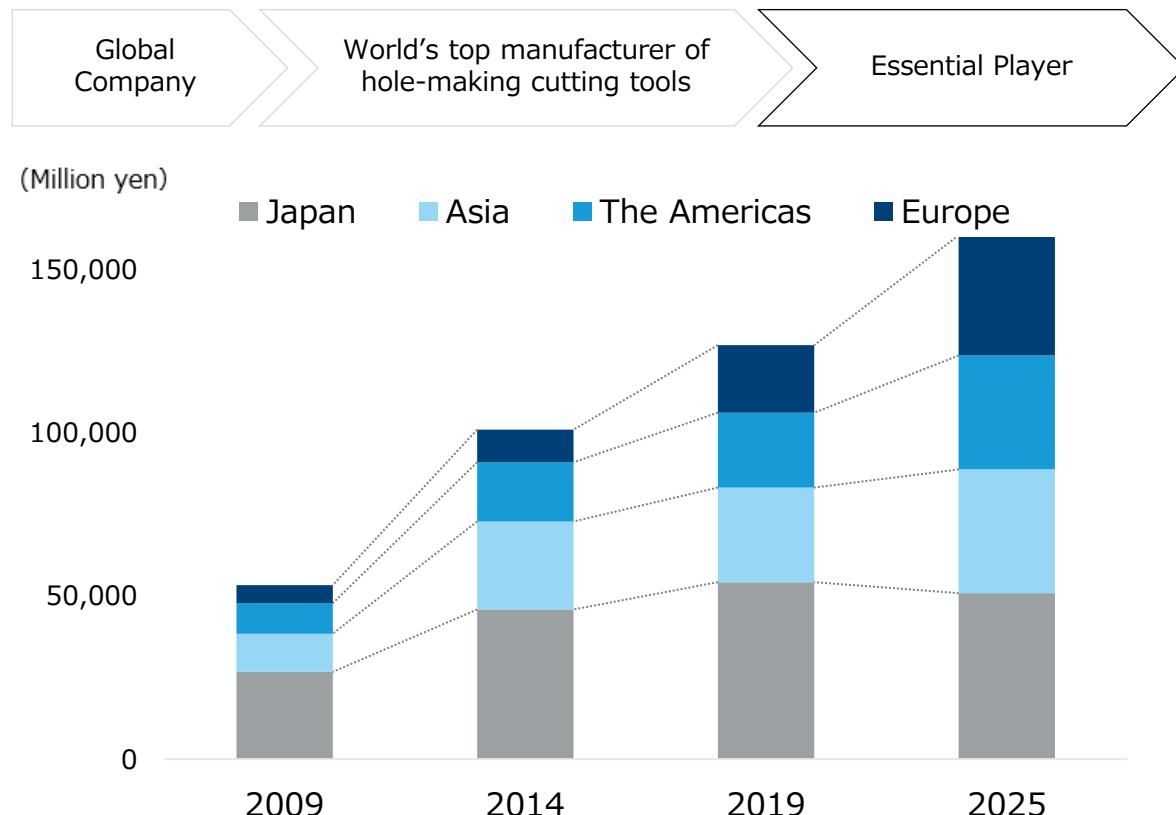
Supporting our customers in their challenges, we aim to achieve a profitable and sustainable future together.



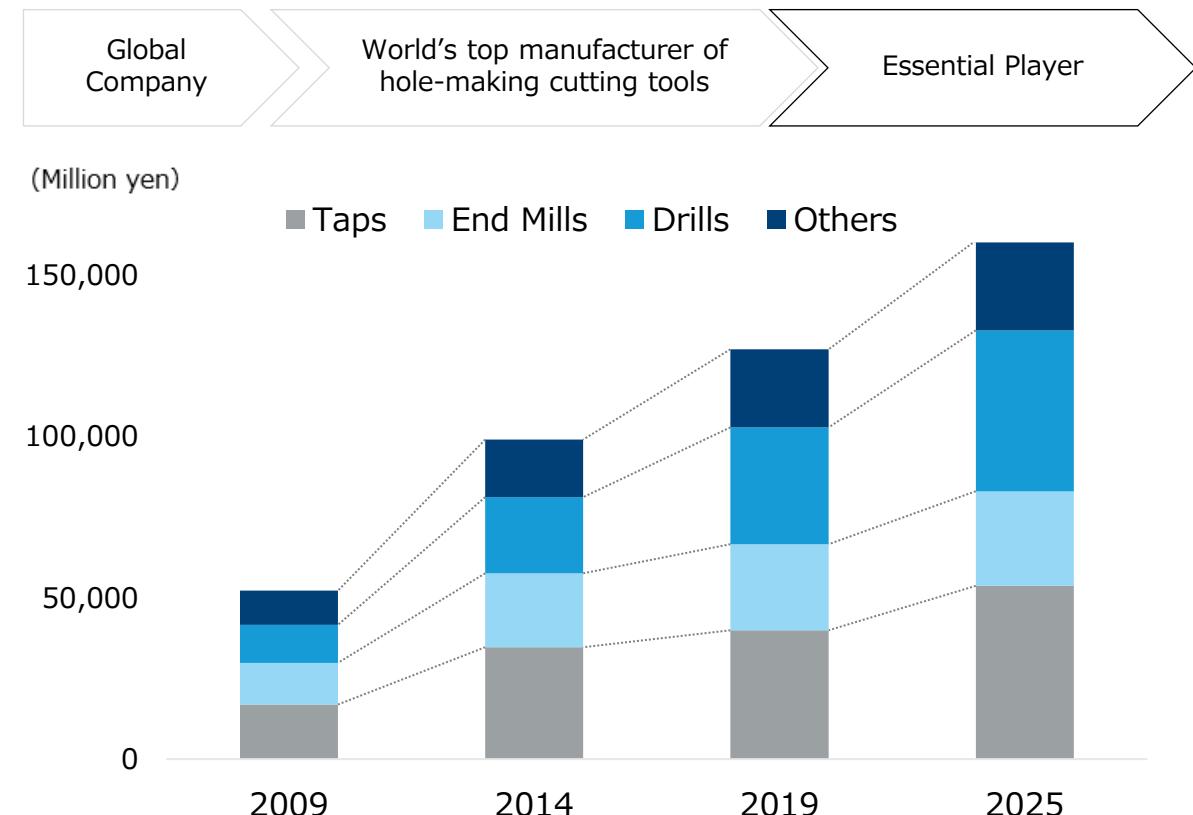
Establishing a balanced business foundation across regions and products

Through strategic regional expansion and diversification of key industries, we have strengthened our global presence and achieved top-tier growth in the cutting tool industry with a well-balanced product portfolio beyond taps. We are also steadily building a robust foundation for sustainable growth.

Regional Sales trend (Actual Results)

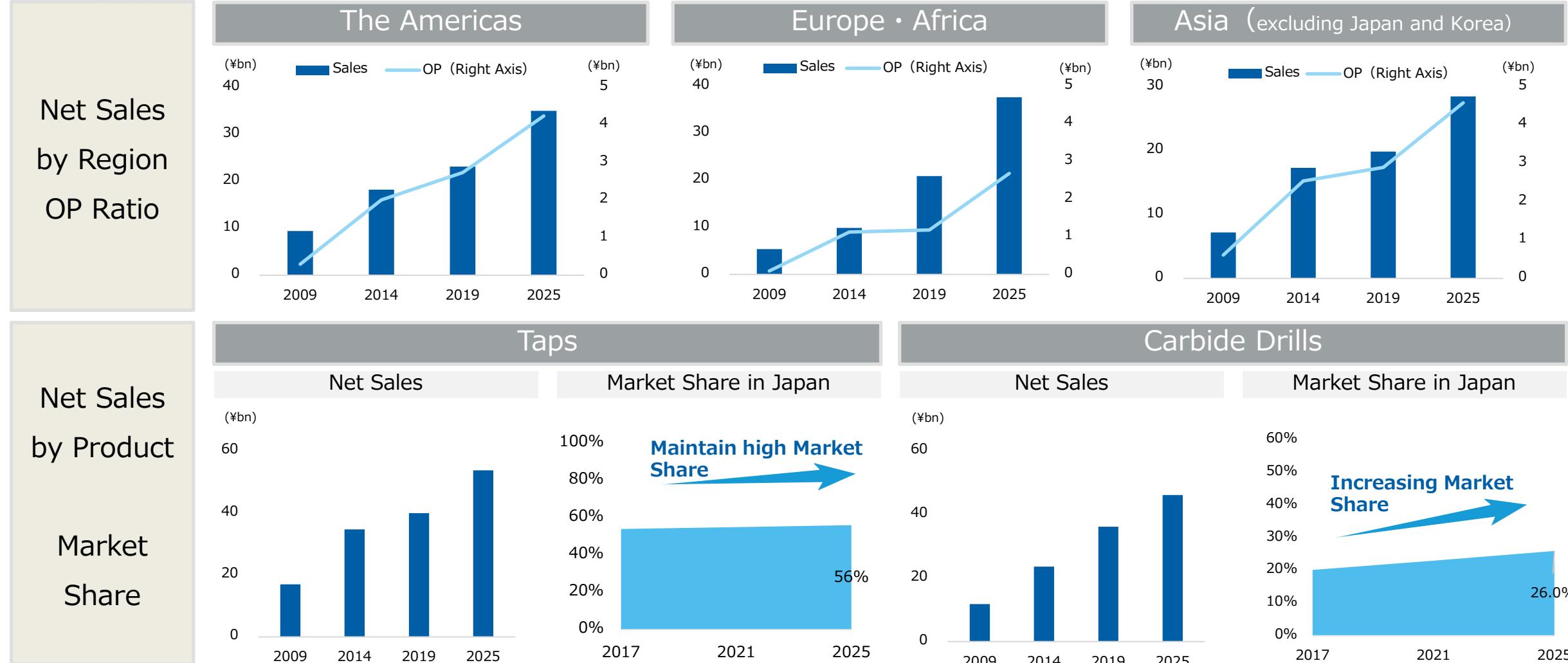


Product Sales trend (Actual Results)



Performance Trends by Region and Product

Our business has grown significantly outside Japan, with particularly strong expansion in taps and carbide drills—key tools for hole-making applications.



Source: Market share data for Japan is based on statistical surveys by the Japan Machine Tool Builders' Association.

Beyond the Limit

We will continue to deliver solid value in a rapidly changing market environment, while driving operational efficiency to build a resilient organization capable of generating sustainable profits.

[Long-term Vision]

To become an essential player

that contributes to the global manufacturing

industry towards a carbon-neutral era



Beyond the Limit
2022-2024 (Stage1)

Beyond the Limit 2025-2027 (Stage2)

Beyond the Limit
2028-2030 (Stage3)

2027/11 Plan

ROE
Over 10%

OP Ratio
Over 16%

Efforts to improve profitability

1 Expansion of high value-added products centered on A-brands

2 Expansion of sales of micro and precision tools.

3 Cost Improvement through Productivity and Operational Efficiency

4 Review of product series and pricing

5 Reduction of SG&A Ratio

6 Implement BS management measures

Medium-Term Management Plan Stage2 Outline (1/2) - Growth Strategy

	Product	Strategic policy	Major Industries
Core business Driving growth	Tap	Aim to increase market share through integrated development, technology, production, and sales efforts, including quality improvement and introduction of competitive new products. Continue to promote sales expansion of the high value-added A-brand series , aiming for a 40% share of the global market for taps.	Electronic Components Energy Mobility General Parts
	Fastener product	Although the sales ratio of this product is smaller than other products, it has the longest history next to taps. The company aims to increase price competitiveness by reviewing manufacturing processes and supply chains, and to expand sales by accelerating global expansion.	Aircraft Energy Mobility General Parts
Focused business For future growth be connected to Expansion of Business Domain	Micro and precision tools DIA/CBN	Strengthen activities of the GIGS Sales Group, a cross-divisional sales organization, to introduce new products of micro and precision tools and expand sales. Promote development outside of existing industries, such as for lenses, mainly through group companies in the diamond tool business .	Electronic Components Aircraft Energy Mobility Medical Molds General Parts
	Coating	The high value-added coating business is expected to expand over the medium to long term. In addition to contributing to sales of its own products through superior coating development, the company will also develop job coating services for a variety of products other than tools.	Electronic Components Medical Molds Tools General Parts



Medium-Term Management Plan Stage2 Outline (2/2) – Strengthen management foundation

Area	Strategic policy	Initiative
Operation	<p>Proactively utilize digital technology to reform sales and production systems. In preparation for future worker shortages, the company will build a flexible and robust structure to improve productivity and profitability by simplifying and streamlining production and sales processes through the use of digital technology, and will also promote complex and labor-saving production systems by introducing its own machinery and equipment.</p>	<ul style="list-style-type: none"> Improvement of business efficiency Responding to DX innovation Information Security
Organizational and human capital	<p>We will establish human resource policies that maximize the value of each and every employee and an environment that encourages engagement and allows employees to take on challenges with peace of mind, through the assignment of the right personnel to the right positions and the development of human resources that enhance autonomy and organizational strength. In the rapidly changing social environment surrounding our company, we will achieve growth for both employees and the company and increase corporate value by continuing to take on challenges with a willingness to change.</p>	<ul style="list-style-type: none"> Enhancement of human resources' capabilities Development of a rewarding workplace environment Improvement of engagement
Sustainability	<p>Aiming to utilize renewable energy from solar power, reduce environmental impact, and build a resource-recycling society; promoting reduction of Scope 1.2, calculation of Scope 3, and visualization of carbon footprint for the main products. Aim to achieve carbon neutrality in the long term, with a mid-term goal of a 20% reduction from FY 2019 levels by FY 2027.</p>	<p>KPI(FY2027)</p> <p>20%</p> <ul style="list-style-type: none"> Reduction of CO₂ emissions Calculation of the carbon footprint
Financial and Capital Management	<p>Improve profitability through growth strategies for existing businesses and aggressive growth investments including M&A. Aim to improve capital efficiency and achieve ROE of 10% by reducing the cost of shareholders' equity through shareholder returns and IR activities.</p>	<p>KPI(FY2027)</p> <p>ROE over 10%</p> <ul style="list-style-type: none"> Establishment of an optimal capital structure Strategic investment in growth sectors Enhancement of shareholder returns



Business Opportunities and Growth Area

Driving growth beyond customer industries by expanding existing markets and exploring high-potential fields like healthcare, mobility, AI, energy, and space.



*All images of each industrial field are for reference only.

The A Brand

The A-brand was launched in 2015 as OSG's flagship product, offering high quality and high performance at a low price. Starting with A-TAP, the lineup has since expanded to include A-DRILL and A-ENDMILL and continues to grow.

Expanding sales of high value-added products centered on the A-brand

Point 1

New A-brand products are released in short cycles.

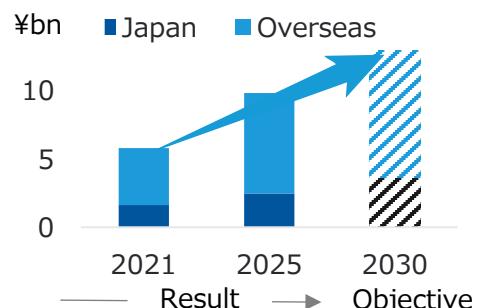


A-TAP

40% market share by creating products the world demands.

Strengths of A-TAP

- Delivers top performance on advanced machining centers, compatible with various equipment.
- Suitable for a wide range of materials.
- Eco-friendly design with excellent chip evacuation and wear-resistant coating for long tool life.



A-TAP is highly regarded not only in Japan but also in North America, Europe, and China, with each region achieving sales comparable to the Japanese market.

Point 2

The A-brand is highly profitable.



ADO-MICRO (Small diameter carbide drill with oil hole)

Expand market share in the small-diameter field with new products.

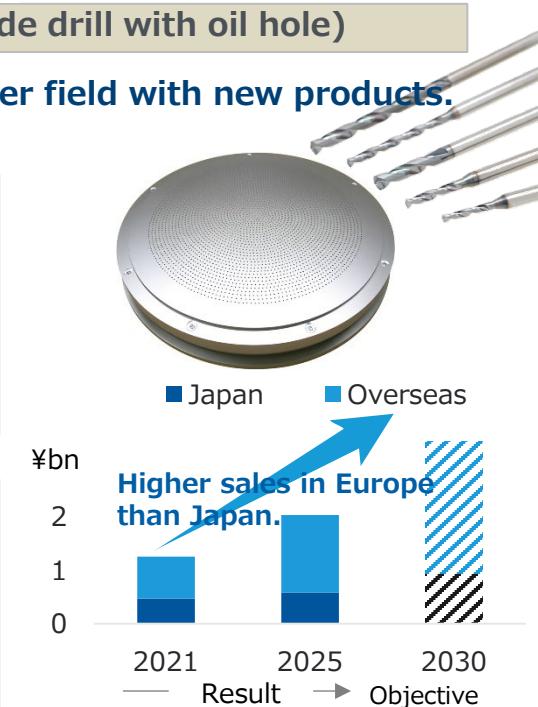
Strength of ADO-MICRO

- Few competitors offer small-diameter drills with oil holes.
- High value-added product enables premium pricing.
- In Europe, where machining efficiency is prioritized, machines with internal coolant are widely used, and our products are highly rated.



Example Applications

- Shower Plate: Component for semiconductor manufacturing equipment, mainly used in etching systems to evenly distribute gas.
- DPF Molds: Extrusion molds used to manufacture ceramic honeycomb structures for automotive exhaust gas purification filters and similar applications.



Micro and Precision machining (Diamond tools, Medical)

Diamond tools		
Related Group Companies	Application Market	Focus Area
<ul style="list-style-type: none"> OSG Diamond Tool Co., Ltd. Contour Group Fiudi S.R.L. , etc 	Semiconductor equipment components, Inspection equipment components, Lenses, Precision molds, Medical devices, Automotive & aerospace parts	Japan, Taiwan, South Asia, China

Diamond Tool Business

Business

Diamond tools are mainly used for nonferrous and composite materials, but their applications are not limited to precision machining. **Recent advances in vibratory cutting technology now allow machining of ferrous materials, significantly expanding the market beyond previous expectations.**

Catalog

We published a textbook and catalog to promote correct understanding of diamond tools. By addressing misconceptions about price, delivery, and handling, **we aim to create new demand and support domestic manufacturing and our business growth.**

Tie-up

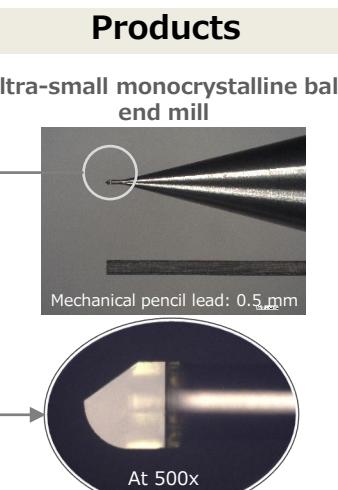
- Makino Milling Machine Co., Ltd.
- Taga Denki Co., Ltd.
- Shibaura Machinery Co., Ltd.

Regrind

The diamonds on the cutting edge can be reused through regrinding, while tip-type tools mounted on the shank or base material allow for replacement of the diamond segments.

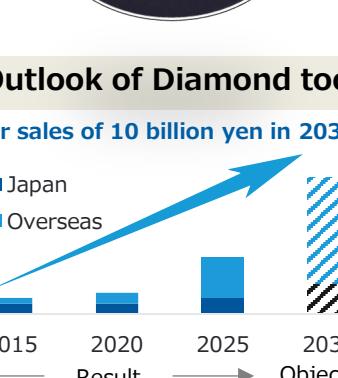
Products

Ultra-small monocrystalline ball end mill



Sales Outlook of Diamond tool

Aiming for sales of 10 billion yen in 2030



Year	Japan (¥bn)	Overseas (¥bn)
2015	~1.0	~0.5
2020	~1.5	~1.0
2025	~3.0	~2.0
2030 Objective	~10.0	~8.0

Medical		
Related Group Companies	Application Market	Focus Area
<ul style="list-style-type: none"> OSG Wingilt Limited, etc 	Dental prosthetics, artificial bones, artificial joints, etc.	Japan, Europe, North America, South Asia

Medical-related Business

Business

Unique geometries and coatings for all dental prosthetic materials. Compatible with CAD/CAM systems, offered globally. **[Japan] 60% market share in dental tools.**

Trend

Growing awareness of dental health's impact on overall well-being is driving stable, long-term market growth. **[Japan] 2026 fee revision expected to expand insurance coverage for prosthodontics.**

Examples of Workpiece

Crowns, Bridges

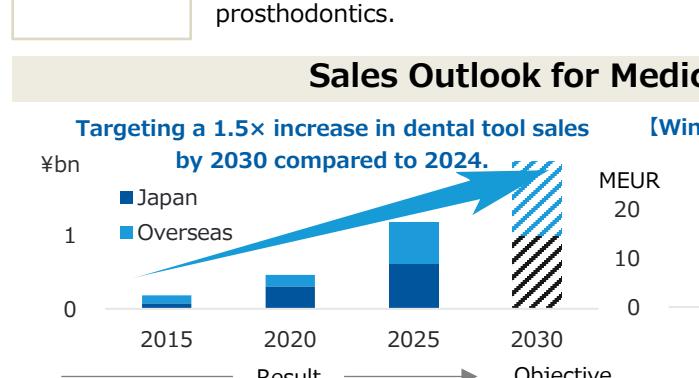


Artificial joints



Sales Outlook for Medical Industry

Targeting a 1.5x increase in dental tool sales by 2030 compared to 2024.



Year	Japan (€bn)	Overseas (€bn)
2015	~0.2	~0.1
2020	~0.4	~0.3
2025	~1.0	~0.8
2030 Objective	~1.5	~1.2

[Wingilt] Medical tool maker founded in 1975 (acquired in 2017)



Year	Sales (MEUR)	OPM (%)
2016	~5	~10%
2020	~10	~12%
2025	~18	~14%
2030 Objective	~25	~16%

Coating (Job Coating Business)

Related Group Companies	Application Market	Focus Area	Coating Business Shifts to Molds
OSG Coating Service (Japan) Taiho Coating Service (Taiwan) Primcoat PVD Technology (India) Perform Coat (USA, Switzerland) PRIMUS COATING (Germany), etc	Molds Electronic Components Medical General Parts Cutting Tools	Germany India Turkey Vietnam	While initial investment is required, the high unit price of mold coatings compared to tools enables ROI in about 5 years.
<p>Coating business Global Network</p> <p>Coating companies in 34 locations across 16 countries (30 consolidated, 4 non-consolidated)</p> 			
<p>Source of Competitive Advantage (How to Win)</p> <p>In-house coating equipment enhances cost competitiveness</p> <p>High-quality coatings comparable to specialized providers</p> <p>Efficient production using idle capacity from mold coating lines</p> <p>34 coating sites in 16 countries support customers' global expansion</p>			
<p>Expansion of coating business in Germany</p> <ul style="list-style-type: none"> Primus Freiburg commenced operations in Freiburg, Germany, in March 2025. Developed large furnace for die-cast mold coating (max 2 ton) Entering and expanding in an oligopolistic market.  			
<p>Fourth coating plant under construction in India</p> <p>New Plant</p> <p>Ahmedabad, Gujarat Target start: May 2026</p>  			
<p>Surrounded by leading car manufacturers (35-100 km range)</p> <p>✓ India's job coating market exceeds 70 million USD.</p>			



Heavy electric machinery and semiconductors

Power Consumption Increasing Due to AI Growth, Cloud Services, and Extreme Weather.

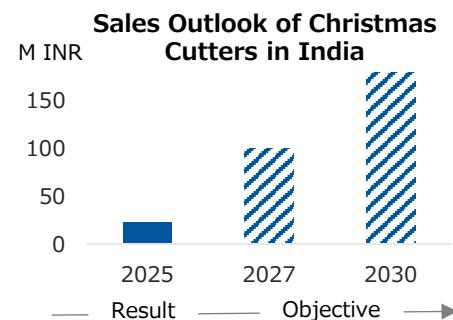
Heavy electric machinery

- Electric furnace construction is expanding worldwide due to rising demand and high-efficiency, eco-friendly models will follow.
- Our Christmas cutters are used in power generation turbines. **Orders are exceptionally strong, prompting ongoing production investment.**

Trend

- Received orders from India's largest government-affiliated power plant manufacturer.
- India is expanding its power plant business not only domestically, but also to the Middle East and Africa. This market is expected to grow significantly in the coming years.

India Market



Semiconductors

Demand for semiconductors will keep rising with global digitalization. Semiconductor manufacturing equipment requires high precision, corrosion and heat resistance, plasma durability, and cleanliness. As a result, advanced materials like carbide, ceramics, quartz, and high-purity glass are used. Some are classified as "hard and brittle materials," which combine high hardness with low impact resistance.

Trend

Issue

6C x OSG Brand

Solution

- Cutting and EDM are slow for hard-brittle materials, reducing productivity.
- Launched the new 6C x OSG brand to enable high-efficiency, high-precision direct machining of hard-brittle materials, reducing both processing time and cost.



Trump Tariff Countermeasures

OSG USA Price Adjustments in 2025 (July and November)

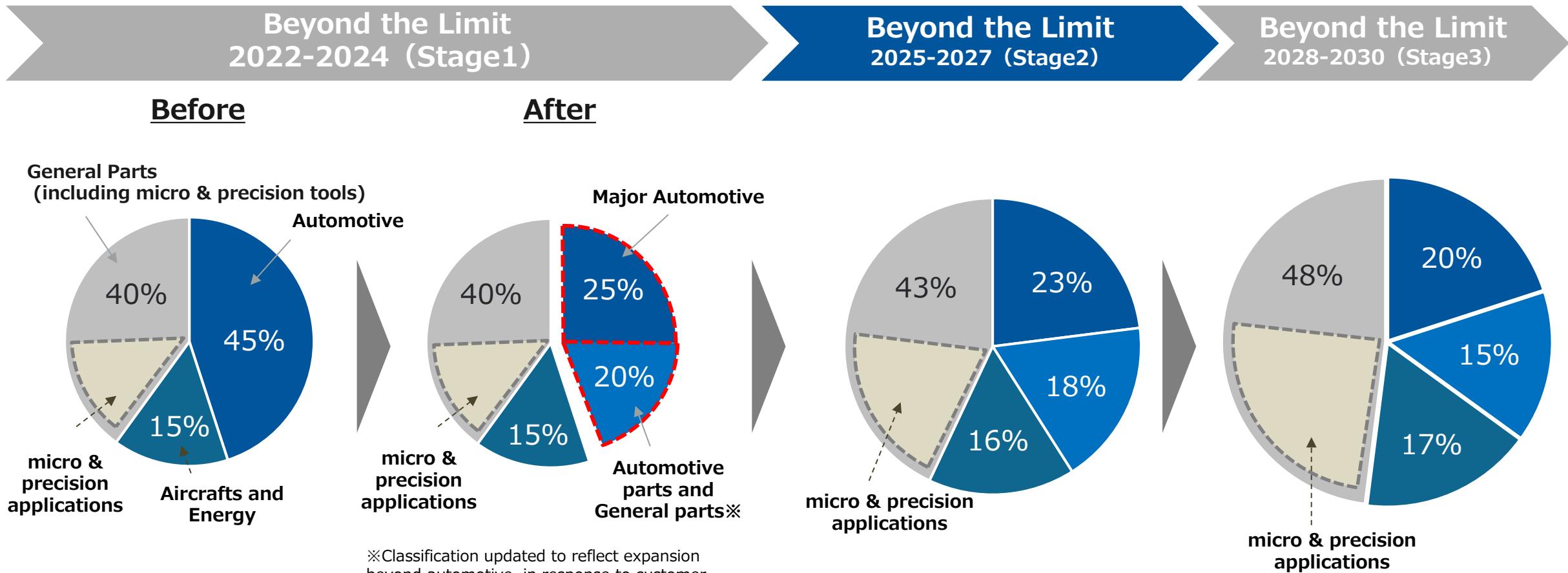
Category	As-is		To-be
Taps	Commodity	Imported from Mexico and Brazil	► Maintain current operations ※No tariffs on Mexico under USMCA.
	Premium • A-Brand	Imported from Japan	► Partially shift production to Mexico
Carbide Drills	Commodity	Imported from India	► Considering production possibilities at OSG USA
	Premium • A-Brand	Imported from Japan	► Partially manufactured at OSG USA
Carbide End Mills	Commodity	Manufactured in the USA	► Maintain current operations
	Premium • A-Brand	Imported from Japan	► Partially manufactured at OSG USA
Fastener Products	Commodity	Manufactured in the USA	► Maintain current operations
	Premium	Imported from Japan	► Partially manufactured at OSG USA
Materials	Mostly sourced within the USA		► Consider imports from Japan depending on pricing

Inventory level

Inventory coverage (As of Nov. 2025)	6.5 months of sales
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Target-Industry Portfolio

- Promote the transformation to a balanced customer industry portfolio that is less susceptible to business environment fluctuations.
- Improve profitability by increasing the sales ratio of A-brand and micro and precision tools.

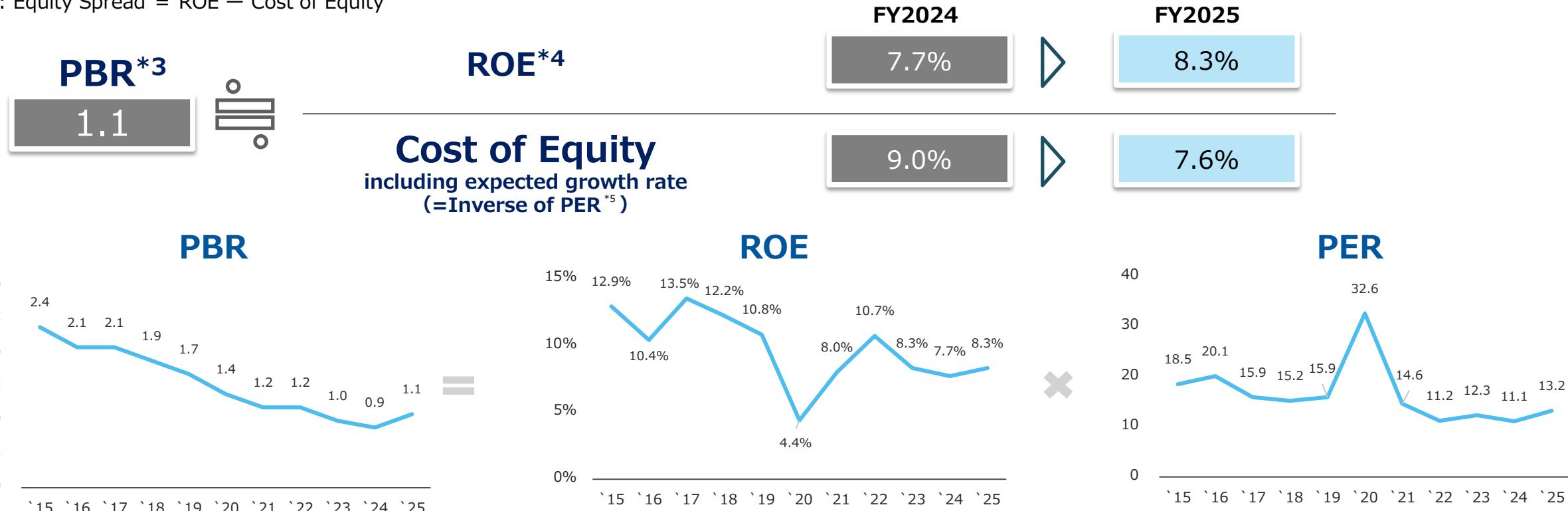


Financial and Capital Policy (Current Situation)

Driving Sustainable Growth and Capital Efficiency to Achieve ROE Over 10% in Stage 2

Aim for ROE that exceeds the cost of equity while reducing it. (= *Maximize equity spread)

*1: Equity Spread = ROE — Cost of Equity



*3: PBR = Market capitalization (excluding treasury shares) ÷ Shareholders' equity

*4: ROE = Net income attributable to owners of the parent ÷ Shareholders' equity

*5: PER = Market capitalization (excluding treasury shares) ÷ Net income attributable to owners of the parent

Note 1: Market Capitalization = Share price (month-end closing price at fiscal year-end or quarter-end) × Number of shares outstanding (excluding treasury shares, at fiscal year-end or quarter-end)

Note 2: Shareholders' Equity = Total net assets — Stock acquisition rights — Non-controlling interests. Average of beginning and end of the period.

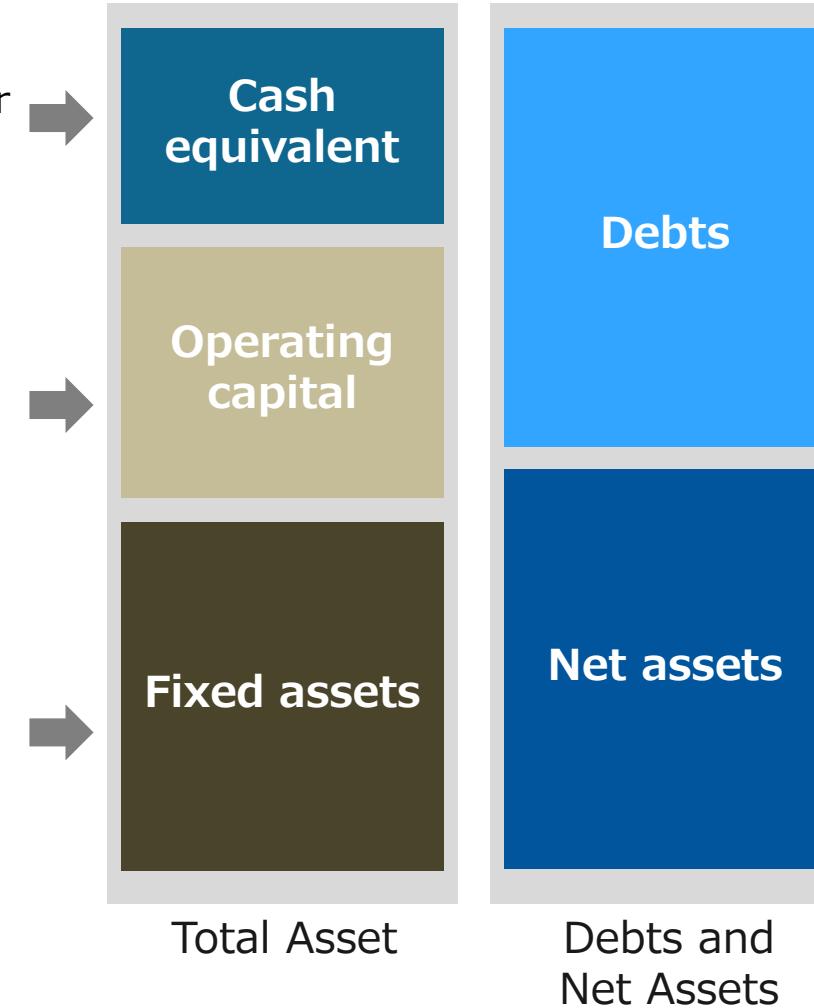
Note 3: Financial figures such as shareholders' equity are as of Nov. 30, 2025.



Financial and Capital Policy

Reform the balance sheet to optimize growth investment and enhance shareholder returns

- Growth investments (M&A, R&D, Capital investment) and shareholder returns.
- Review of cash allocation within the group.
- Shorten CCC and generate cash. (Inventory reduction, review of collection and payment sites)
 - 【 Inventory turn over target 】
FY2024 4.4 months ⇒
FY2030 3.5 months
- Capital investment benchmarked against depreciation.
- Reduction of policy shareholdings.



- WACC reduction through debt utilization.
- Optimize capital structure.
- Reducing the Cost of Shareholders' Equity through IR Activities.
- Strengthen shareholder returns. (increase dividend payout ratio, share buybacks)

Cash Allocation Plan

Operating Cash flow will be used mainly for **strategic investments**, while **strengthening shareholder returns** and reviewing the financial structure.

Stage1 Results (FY2022~FY2024)

Unit: billion yen

Cash In
103

Cash Out
103

Operating Cash flow <u>72</u>	Strategic Investments <u>45</u> (M&A <u>9</u>)
Corporate Bonds issued <u>27</u>	Shareholder Returns <u>44</u> (Dividends <u>17</u>) Buy-back <u>27</u>
Corporate Bonds issued <u>4</u>	Repayment of loans <u>14</u>

Stage2_Plan (FY2025~FY2027)

Unit: billion yen

Cash In
130

Cash Out
130

Operating Cash flow <u>80~90</u>	Strategic Investments <u>60~70</u> Maintenance and renewal of facilities <u>~30</u>	<ul style="list-style-type: none"> New Carbide End Mill Plant Expansion of production facilities for growth area Strategic M&A
External financing	Shareholder Returns Dividends, Buy-back <u>~50</u>	<ul style="list-style-type: none"> Investment in factory automation Introducing digital transformation
Sale of assets, etc.	Repayment of loans <u>~10</u>	<ul style="list-style-type: none"> Stable and sustainable dividend Conduct an agile share buy-back

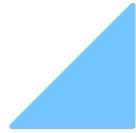


Commitment to Sustainability

Sustainability Initiatives – FY2025

1. Collect Scope 1 & 2 data for group companies using calculation tools
2. CO₂ reduction initiatives (Scope 1 & 2) by each manufacturing division
3. Scope 3 calculation in progress (consolidated)
4. Carbon footprint (CFP) calculation for major domestic products
5. Solar panels for renewable energy (Oike plant, FY2028)
6. Participation in Aichi Perovskite Promotion Council

Stage 1
2022-2024



Toward Carbon Neutrality

- CO₂ emissions cut by 10% vs FY2019 target
 - ✓ Achieved 19% reduction
- Scope 1 & 2 calculation (consolidated)
- Introduction of renewable energy
 - Off-site PPA
 - On-site PPA (Shinshiro)

Stage2
2025-2027



Expanding to Group-wide Initiatives

- CO₂ emissions cut by 20% (standalone vs FY2019)
- Scope 3 calculation
- Carbon footprint calculation
- Additional renewable energy introduction under review
 - Oike Plant
 - Other sites

Stage3
2028-2030

Promoting Group-wide Reduction

- CO₂ emissions cut by 20% (consolidated vs FY2024)
- SBT certification obtained
- Additional renewable energy introduction under review
 - Exploring latest solar panel solutions

Initiatives Toward Carbon Neutrality

OSG Group-wide CO₂ Reduction Roadmap

